

## Unit 3 Test

### Multiple Choice

Identify the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. Which of the following is not one of the major requirements for a contract?  
a. **time** c. capacity  
b. consideration d. genuine assent
- \_\_\_\_\_ 2. Social arrangements  
a. are subject to breach of contract c. **are not legal obligations**  
b. are legal contracts d. none of the answers
- \_\_\_\_\_ 3. True or False: Contracts are the legal links between the individuals and companies producing and consuming goods and services.  
a. **True** b. False
- \_\_\_\_\_ 4. A \_\_\_\_\_ is an individual who acquires goods primarily for personal use.  
a. **consumer** b. merchant
- \_\_\_\_\_ 5. Violations of the weights and measures laws are punishable  
a. imprisonment c. **both a and b**  
b. fine d. none of the answers
- \_\_\_\_\_ 6. Consumer protection of consumer goods and services often begins with  
a. caveat emptor c. mandatory inspections of all businesses  
b. **licensing suppliers** d. class actions
- \_\_\_\_\_ 7. A phrase that means “let the buyer beware.”  
a. get your money back c. where’s my money  
b. give me my money now d. **caveat emptor**
- \_\_\_\_\_ 8. A voluntary, court-enforceable agreement to stop an illegal or questionable practice is  
a. **a consent order** c. a class action  
b. a restitution order d. a cease-and-desist order
- \_\_\_\_\_ 9. When the price is not specified in contracts between merchants for the sale of goods  
a. **the current market price is the basis** c. the highest market price is the basis  
b. the lowest market price is the basis d. the contract is null and void
- \_\_\_\_\_ 10. True or False: An agreement to commit a crime can be considered a valid contract.  
a. True b. **False**
- \_\_\_\_\_ 11. The right of \_\_\_\_\_ allows an offeror to withdraw an offer before it is accepted.  
a. **revocation** c. forgiveness  
b. consumer d. option
- \_\_\_\_\_ 12. True or False: Social agreements create legal obligations.  
a. **True** b. False
- \_\_\_\_\_ 13. True or False: A person who is not the intended offeree can still accept the offer.  
a. True b. **False**

- \_\_\_\_ 14. There is no contract  
a. without the exchange of money c. both a and b  
b. without both offer and acceptance on mutually agreed terms d. none of the answers
- \_\_\_\_ 15. The Consumer Product Safety Commission (CPSC) receives reports about product failure from  
a. the manufacturer c. the distributor  
b. the consumer d. all of the answers
- \_\_\_\_ 16. True or False: Even words spoken in anger are still considered a valid offer.  
a. True b. False
- \_\_\_\_ 17. A \_\_\_\_\_ is an entity who is involved in the purchasing and selling of goods for business use.  
a. consumer b. merchant
- \_\_\_\_ 18. A valid offer must be communicated to the offeree and  
a. the offeror must intend to create a legal obligation c. both a and b  
b. the terms must be definite and complete d. none of the answers
- \_\_\_\_ 19. Death or \_\_\_\_\_ on the part of the offeror or the offeree terminates their offer.  
a. honor c. second choice  
b. insanity d. negligence
- \_\_\_\_ 20. An order that requires a company to stop a certain conduct.  
a. a class action c. a restitution order  
b. a consent order d. a cease-and-desist order
- \_\_\_\_ 21. Capacity to contract means that the person  
a. has a genuine need for the goods or services purchased c. has ample room to store goods that are purchased  
b. has the ability, according to law, to understand his or her actions and the effect of those actions d. all of the answers
- \_\_\_\_ 22. A(n) \_\_\_\_\_ is made when an offeree gives the offeror something of value in return for a promise to keep the offer open.  
a. counteroffer c. second choice  
b. option d. disagreement
- \_\_\_\_ 23. An unaccepted offer may be terminated by  
a. a counteroffer c. a reasonable length of time  
b. the rejection of the offeree d. all of the answers
- \_\_\_\_ 24. This practice lures customers to a store by advertising low-price items that are under stocked.  
a. bait and switch c. under stocked sales  
b. front line sales d. fraud
- \_\_\_\_ 25. A(n) \_\_\_\_\_ results when the offeree changes the offeror's terms.  
a. disagreement c. option  
b. counteroffer d. second choice

## **Unit 3 Test**

### **Answer Section**

#### **MULTIPLE CHOICE**

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|------------|--------|
| 1. ANS: A  | PTS: 1 |
| 2. ANS: C  | PTS: 1 |
| 3. ANS: A  | PTS: 1 |
| 4. ANS: A  | PTS: 1 |
| 5. ANS: C  | PTS: 1 |
| 6. ANS: B  | PTS: 1 |
| 7. ANS: D  | PTS: 1 |
| 8. ANS: A  | PTS: 1 |
| 9. ANS: A  | PTS: 1 |
| 10. ANS: B | PTS: 1 |
| 11. ANS: A | PTS: 1 |
| 12. ANS: A | PTS: 1 |
| 13. ANS: B | PTS: 1 |
| 14. ANS: B | PTS: 1 |
| 15. ANS: D | PTS: 1 |
| 16. ANS: B | PTS: 1 |
| 17. ANS: B | PTS: 1 |
| 18. ANS: C | PTS: 1 |
| 19. ANS: B | PTS: 1 |
| 20. ANS: D | PTS: 1 |
| 21. ANS: B | PTS: 1 |
| 22. ANS: B | PTS: 1 |
| 23. ANS: D | PTS: 1 |
| 24. ANS: A | PTS: 1 |
| 25. ANS: B | PTS: 1 |